




**OFFICE OF MAYOR JERRY SANDERS
CITY OF SAN DIEGO**

MEMORANDUM

DATE: May 2, 2007

TO: Honorable Council President Peters
Honorable Members of the City Council

FROM: Mayor Jerry Sanders 

SUBJECT: FY2008 Community Development Block Grant (CDBG) and Social Services Programs

On March 26, 2007, I issued a memorandum to the City Council describing my Community Development Block Grant (CDBG) funding proposal for Fiscal Year 2008. My overarching goal was to direct more funding for public infrastructure projects in low and moderate income neighborhoods and the American's with Disabilities Act (ADA) needs throughout the city, while honoring Council Policy 700-02 -- which, in part, designates 60% of CDBG funds to the Council Districts for priority projects and the remaining 40% for Citywide purposes. In that memo, I proposed that Councilmembers equally share in the expense of Social Service Programs (\$173,527 per District) and the Housing Commission's Affordable Housing allocation (\$95,811 per District), while the Citywide category would fund \$925,476 for Social Services and \$510,991 for Housing Commission. As I indicated, I believe that these programs affect people who reside in every district, and should not simply be the obligation of the Mayor. This proposal will add an additional \$3.477 million of CDBG funds to address critical disabilities access projects and will bring the City closer to compliance with the American's with Disabilities Act of 1990.

As of the date of this memo, our office has received seven of eight FY2008 District CDBG funding memos from Councilmembers (See attachment). Only three Councilmembers allocated the amounts proposed for Social Services and the Housing Commission. This has the effect of reducing the annual Housing Commission's CDBG allocation from \$1,277,478 as proposed by the Mayor to \$798,424. Further, this has the effect of reducing the Social Services CDBG allocation from \$2,313,689 as proposed by the Mayor to \$1,446,057. The latter drops the Social Service allocation below the 15% amount called for in Council Policy 700-02.

The Social Service Program and CDBG budgets will both be before the City Council on May 8, 2007. The Mayor's proposed Social Services budget anticipated the full 15% allocation from CDBG as has been the case since the adoption of Council Policy 700-02. Thus, the funding recommendations identified in the Council Report are now over allocated by \$867,632. The Mayor now looks to the City Council to identify which Social Service programs to reduce in order to adopt a balanced budget.

For technical questions about these programs, please contact Scott Kessler, Economic Development Division Deputy Director at (619) 533-4234.

Jerry Sanders
Mayor

Attachment: FY2008 CDBG Allocations Per Council District

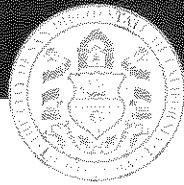
cc: Ronne Froman, Chief Operating Officer
Jay M. Goldstone, Chief Financial Officer
Kris Michell, DCOO, Community and Legislative Services
Jim Waring, DCOO, Land Use and Economic Development
Joanne Sawyer Knoll, DCOO, Office of Ethics and Integrity
Mary Lewis, Director of Finance
Julie Dubick, Director of Public Policy
Jeff Gattas, Director of Council Affairs
Andrea Tevlin, Independent Budget Analyst
Elizabeth C. Morris, Chief Executive Officer, Housing Commission
Scott Kessler, Economic Development Deputy Director
Anita C. Pyle, CDBG Program Administrator

ATTACHMENT

CITY OF SAN DIEGO FY 2008 CDBG ALLOCATIONS PER CITY COUNCIL DISTRICT

	Social Services Program	Housing Commission
CW - MAYOR	\$925,476	\$510,991
DISTRICT 1	\$173,527	\$95,811
DISTRICT 2	\$173,527	\$95,811
DISTRICT 3	\$0	\$0
DISTRICT 4	\$0	\$0
DISTRICT 5	\$173,527	\$95,811
DISTRICT 6	\$0	\$0
DISTRICT 7	\$0	\$0
DISTRICT 8	\$0	\$0
GRAND TOTAL	\$1,446,057	\$798,424
FY 2008 PROPOSED SSP/HC BUDGET ⁽¹⁾	\$2,313,689	\$1,277,478
SHORTFALL AMOUNT	-\$867,632	-\$479,054

⁽¹⁾ Mayor's proposal per the March 26, 2007 Memo to City Council regarding the CDBG and Social Services Programs.



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: May 2, 2007 REPORT NO: 07-085

ATTENTION: Council President and City Council
Docket of May 8, 2007

SUBJECT: FY 2008 Social Services Program

REFERENCE: None.

REQUESTED ACTIONS:

- Authorize the City Auditor and Comptroller to accept the funding appropriations from the City's Community Development Block Grant (CDBG) entitlement grant, Emergency Shelter Grant (ESG), and the San Diego Housing Commission (SDHC) for the FY 2008 Social Services Program, contingent upon adoption of the FY 2008 Appropriation Ordinance and certification of funds availability by the City Auditor and Comptroller.
- Approve the funding recommendations for the FY 2008 Social Services Program, set forth in Report to the City Council No. _____, a copy of which is on file with the Office of the City Clerk as Document No. RR-_____, contingent upon certification of funds availability by the City Auditor and Comptroller.
- Authorize the Mayor or his designee to negotiate and execute agreements with those programs approved for funding, contingent upon certification of funds availability by the City Auditor and Comptroller.
- Authorize the City Auditor and Comptroller to appropriate and expend the CDBG, ESG, and SDHC funds for those programs approved for funding, contingent upon certification of funds availability by the City Auditor and Comptroller.

STAFF RECOMMENDATIONS:

Adopt the requested actions.

SUMMARY:

The City has a long history of allocating funding to social service programs in two broad categories: (1) City initiated social service programs that are funded to address identified social needs (e.g. Homeless Emergency Shelter Program and Therapeutic Recreational services); and (2) To support worthy social programs that were not City initiated, but provide benefits to City residents (e.g. Being Alive and Casa Familiar).

For decades under the City Manager form of government, the City Council – through various Council Representatives – initiated social service funding recommendations prior to bringing forward the adoption of the Social Service Program Budget to the City Council. This practice was last utilized in FY 2002. The City Council then directed the City Manager to develop a formal selection process that was successfully utilized in Fiscal Years 2003 through 2005. While the process established by the City in 2002 is still being used, since that time the program has experienced sharp reductions in funding that resulted in the elimination of the competitive process in Fiscal Year 2006. Subsequently, each year program staff has given the highest funding priority to “City-Initiated Programs”, before providing support to the other programs being considered.

The fiscal reality of the Program is that funding has been decreasing each year (**Attachment 1**). Overall program funding fell from a high of \$6.4 million in FY 2002 to a low of \$3.0 million in FY 2008. The steady decline of funding makes balancing a social service budget difficult as there is an abundance of worthy social programs serving City residents.

Fiscal Year 2008 federal funding has decreased by a modest \$8,324 from the current fiscal year. In addition, the San Diego Housing Commission, who has traditionally allocated \$445,000 for homeless shelter programs, will be unable to make this contribution toward the Homeless Emergency Shelter Program in the upcoming fiscal year. The loss of this funding results in the need to absorb the \$445,000 through the Social Services Program budget, which will significantly reduce the funding levels for the proposed programs. In addition to funding decreases, the Mayor’s funding proposal (**Attachment 2**) includes recommendations for the two City homeless shelter programs to receive 3% increases (\$38,855) to address the escalation of operational costs recognized in the current fiscal year. Also, included in the increase is \$75,000 to purchase new tent skins to replace the aging and deteriorating skins that have been used for the winter shelter’s homeless program since 1998.

In summary, the reduction of federal funds (-\$8,324), the loss of Housing Commission homeless shelter funding (-\$445,000), the need to cover a one-time expense of \$75,000 to purchase new tent skins for the homeless shelters, and the need to increase the City homeless shelter programs by a combined \$38,855 results in a need to reduce remaining programs by \$567,179. See below:

Funding comparison from FY2007 to FY2008

Reduced Federal Funding	-\$ 8,324
Loss of Housing Commission Contribution	-\$445,000
Purchase of tent skins for homeless shelters (one-time expense)	-\$ 75,000
Increases to two homeless City programs	<u>-\$ 38,855</u>
Total decrease in funding for remaining programs	-\$567,179

Funding Recommendations

Overall funding recommendations and program descriptions are provided on **Attachment 2**. A summary of proposed allocation changes from FY2007 to FY2008 is listed below. It should be emphasized that programs recommended for a reduction or elimination of funding is not an indication of program value as much it is an indication that there is less funding for programs and cuts are necessary:

Programs recommended for funding increase:

Cortez Hill Family Center (+\$19,050)
Homeless Emergency Shelter Program (+\$539,805)¹

Programs recommended for the same amount as in current year:

Power Beach Wheelchair Program
Homeless Outreach Team (HOT)
Fourth District Seniors Resource Center
Regional Task Force on the Homeless

Programs recommended for a 5% reduction from current year:

Senior Citizens Services (-\$9,021)
Therapeutic Recreational Services (-\$23,459)
Barrio Youth Program (-\$15,383)²
Interfaith Shelter Network Rotational Shelter (-\$1,507)

Programs recommended for a 34% reduction from current year:

Neil Good Day Center (-\$136,000)
HIV/AIDS Information & Education (-\$23,724)
Casa Familiar Family Services Center (-\$22,971)
Legal Aid Community Response Team (-\$29,289)
Pacific Beach Employment Center (-\$27,448)
AIDS Response Program (-\$22,802)
City of San Diego Teen Court (-\$15,249)

Programs recommended for elimination of funding:

Youth Leadership & Work Experience Academy (-\$44,850)
County of San Diego – Senior Nutrition Services (-\$195,476)

¹ The total funding allocation for the Homeless Emergency Shelter Program (HESP) is \$674,805 for FY 2008, which reflects a 3% increase of \$19,805 to anticipated increases to City costs. The total \$539,805 increase in the HESP Social Services allocation also includes a one-time \$75,000 allocation for the purchase of new tent skins and \$445,000 to offset a loss in funding from the San Diego Housing Commission (SDHC).

² The two Barrio Station projects funded in FY 2007 are combined into one project in FY 2008.

FISCAL CONSIDERATIONS:

There is no impact to the General Fund from this action. Funding for each program is available either from the City's CDBG entitlement grant, ESG, or the SDHC.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

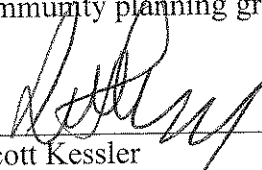
None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The application for federal entitlement grants (which includes the City's CDBG entitlement grant and ESG) is referred to as the Consolidated Plan. The Consolidated Planning process includes a community input process where staff presented the Plan and requested feedback from each community planning group that represents low and moderate income communities. Further, the process was brought before the Land Use and Housing City Council Committee and the San Diego Housing Commission for discussion. The City of San Diego did not issue a "Notice of Funding Availability" for FY 2008 Social Services Program funding due to reduced funding available.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

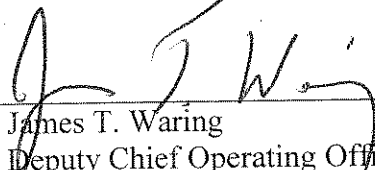
Residents of low and moderate income communities; community based organizations; community planning groups; and other community development organizations.



Scott Kessler
Deputy Director
Economic Development Division



William Anderson
Director
City Planning and Community Investment



James T. Waring
Deputy Chief Operating Officer
Land Use and Economic Development

- Attachments: 1. Social Services Program Funding Availability (FY 1998 – FY 2008)
2. FY 2008 Funding Recommendations